TWO DOLLARS

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4520 EAST WEST HWY #800
BETHESDA MD 20814

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6/18/87

NEWS FEATURE: MICRO MAKERS RALLY TO FIGHT BAD PU
ARTER RV SHIPMENTS ARE LOOKING GOOD 14
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RV BUSINESS
JUN/12
1987

nia trict RV Licensing

Officials of the California Department of Motor Vehicles (DMV) have proposed a plan that, if adopted by the legislature, would impose stringent special drivers' licensing requirements on trailer and motorhome drivers.

Under the classified drivers' license system now proposed by the DMV, a special Class 2 license would have to be obtained by all operators of a vehicle or combination of vehicles exceeding a gross vehicle weight of 10,001 pounds. Class 2 is a new license category that would include medical-exam requirements. Although the license would be issued for four years, the DMV said it would require the holder to submit to a medical exam every two years. The DMV would, in turn, issue medical certificates on a two-year basis.

In addition, any driver of a recreational vehicle, regardless of license class, would be required to obtain a special "R" endorsement, indicating successful completion of special written and skill RV testing.

Noting that it may be impossible to offer RV skill tests at every DMV branch office in the state, the department also is proposing the establishment of "regional testing centers." That would mean, in some cases, that RVers would have to travel significant distances for testing.

Drivers of large motorhomes would need a Class 1 license for vehicles with gross vehicle weights exceeding 26,000 pounds. Class 1 would also require medical testing, a medical certificate and the special R endorsement.

Diane Farrell, vice president of government affairs for RVIA, said concern is mounting over the California officials' stance.

"We originally had the impression that the DMV was going to back off and be a little

continued on page 8

CASHING IN ON CARAVANS: RV-tour companies are seeking to cooperate with RV dealers to promote both the RV lifestyle and RV sales. Can dealers afford to ignore this opportunity to attract first-time buyers? See page 18.

Deere Foresees Soaring Chassis Sales; Expands Service Network

Anticipating a sharp upswing in demand for its Class A motorhome chassis, John Deere Tractor Works, Waterloo, Iowa, has increased production to 40 units per day. The chassis supplier had been producing 24 units daily.

During its fiscal year ended Oct. 31, 1986, Deere shipped 789 chassis, but Terry Lorenzen, Deere OEM marketing manager, estimated that chassis shipments will exceed 7,000 by the close of the current fiscal year.

"We build to an order calendar, and thus far our order calendar has been sold out two months ahead," said Lorenzen. He also observed that the lull in retail sales reported by some Class A motorhome manufacturers had not affected orders for Deere chassis.

Deere also announced that it

continued on page 8

JUNE 12, 1987 TWO DOLLARS

RV BUSINESS

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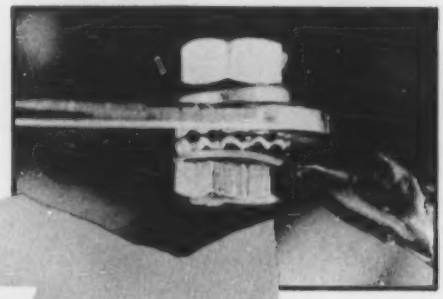

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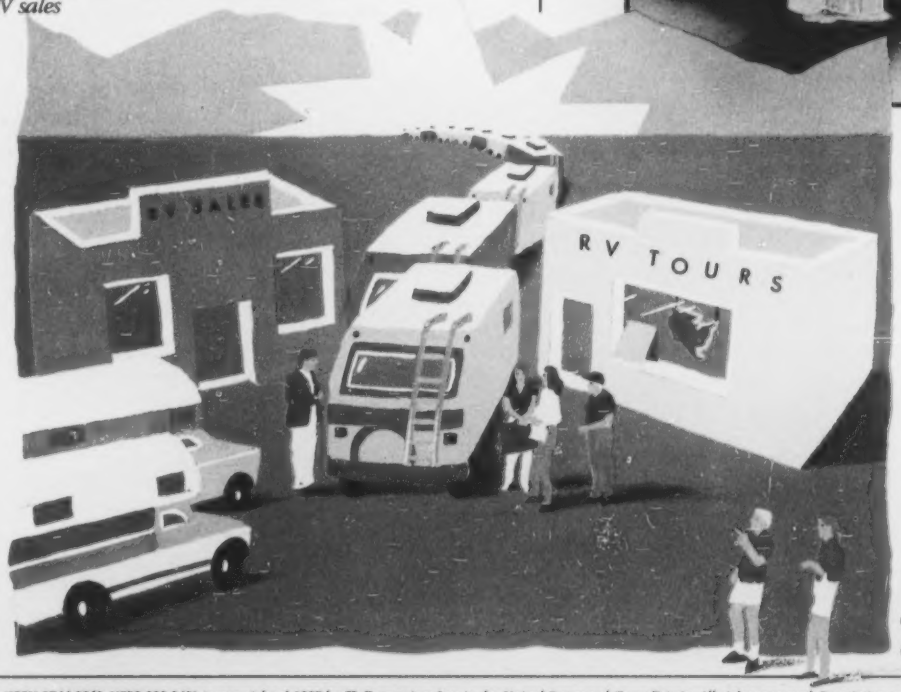

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COVER ILLUSTRATION: RHONDA VOO

FINANCIAL

RV Loan Delinquencies Down

In the latest figures released by the American Bankers Association (ABA), RV-loan delinquencies declined by .40% in December. As of Dec. 31, 1986, the RV-loan delinquencies were 1.72% compared to 2.12% for the same month a year ago.

The ABA reported that, as of Dec. 31, 1986, RV loans were in fifth place in performance out of the nine loan portfolios monitored. Only revolving credit, property-improvement loans, auto direct loans and home-equity loans reflected lower loan delinquency rates. The ABA defines a delinquent loan as having an installment past due 30 days or more. Δ—*David Leichey*

VIXEN *from page 5*

hind demand.

Meanwhile, Vixen President Gerald Bryce confirmed that the company recently changed both its advertising and public relations firms in an effort to "improve communications with RV dealers." When the company launched its Vixen 21 in 1986, it concentrated on marketing through auto dealers but has apparently now expanded its marketing strategy to include RV dealers. "We have been evaluating the RV dealer network since the last quarter of 1986. Now we have one RV dealer in our marketing network and are talking with others," said Bryce.

Finally, Vixen is trying to reach a new market segment with its XC. While the XC has "motorhome characteristics" and uses the Vixen 21 body, Bryce stressed that it was directed at the "traveling public" that would rather sleep in a motel than in a motorhome. While the Vixen 21 comes with all equipment—except 110-volt air conditioning—as standard, the XC will have a higher number of options and no cooking facilities, and, thus, a lower base sticker price, explained Bryce. "The XC is aimed at the high end of the van-conversion market," he said. Δ

RV LICENSING *from cover*

more reasonable in its approach to RVers," said Farrell. "They had indicated that some type of special class of license was probably going to be required, but that it would be realistic, and would not include a requirement for a physical exam. At the very least, we thought there was going to be some room for negotiation. Now, it looks as if they may take a very hard-line approach to this whole issue."

Farrell added that she is hopeful that the California officials will ultimately compromise in order to avoid a political confrontation in the legislature. Δ

ROCKWOOD *from page 5*

the football season.

Dissin said that his company had about a week to find a motorhome suitable for the filming. "We sent proposals to about 30 manufacturers, and about 10 showed some interest. But only four of those had coaches ready to give to us. We chose Rockwood because they were really cooperative and ready to give us a coach the same day," he said.

DEERE *from cover*

is undertaking a major expansion of its nationwide chassis-service network and a change in its distribution channels.

"Through an arrangement with Clark Power Products, we now are able to use the Detroit Diesel Allison (DDA) distributor organization to service and sell our product," said Lorenzen. "That brings to our service network about 2,700 service bays, each capable of handling very large motorhomes powered by either gas or diesel engines.

"Not only that," Lorenzen continued, "but the DDA people are highly mobile. Their trucks are constantly on the road and can be dispatched to help disabled motorhomes."

Lorenzen emphasized that the DDA affiliation does not replace the network of 220 Ford service facilities that Deere had been using: "It happens that 150 of those Ford SVP (Specialty Vehicle Products) locations were already associated with DDA distributors, so they, in effect, came right along with the arrangement. The remaining dealerships simply augment the new network, bringing total service facilities to 700." Lorenzen added that Deere will soon be publishing a directory of these locations.

Lorenzen further noted that the Clark Power Products facilities also have some manufacturing capabilities and can be used to make chassis alterations.

However, Deere's increased production volume will probably not lead to lower prices, according to Lorenzen. "What I truly hope we are able to do is to just keep the prices where they are. If we can do that, I think it will add some stability to the industry," he said. Δ—*John Thompson*

FIGURE 1

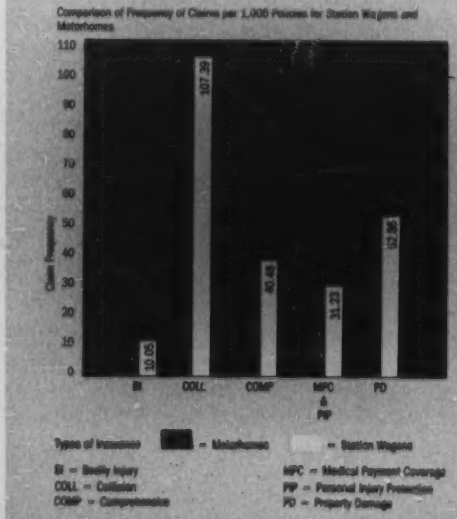
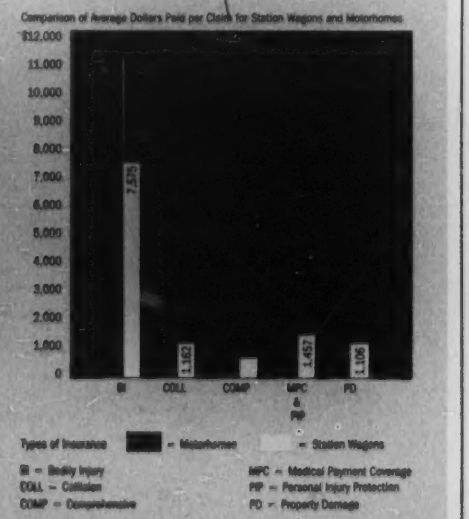


FIGURE 2

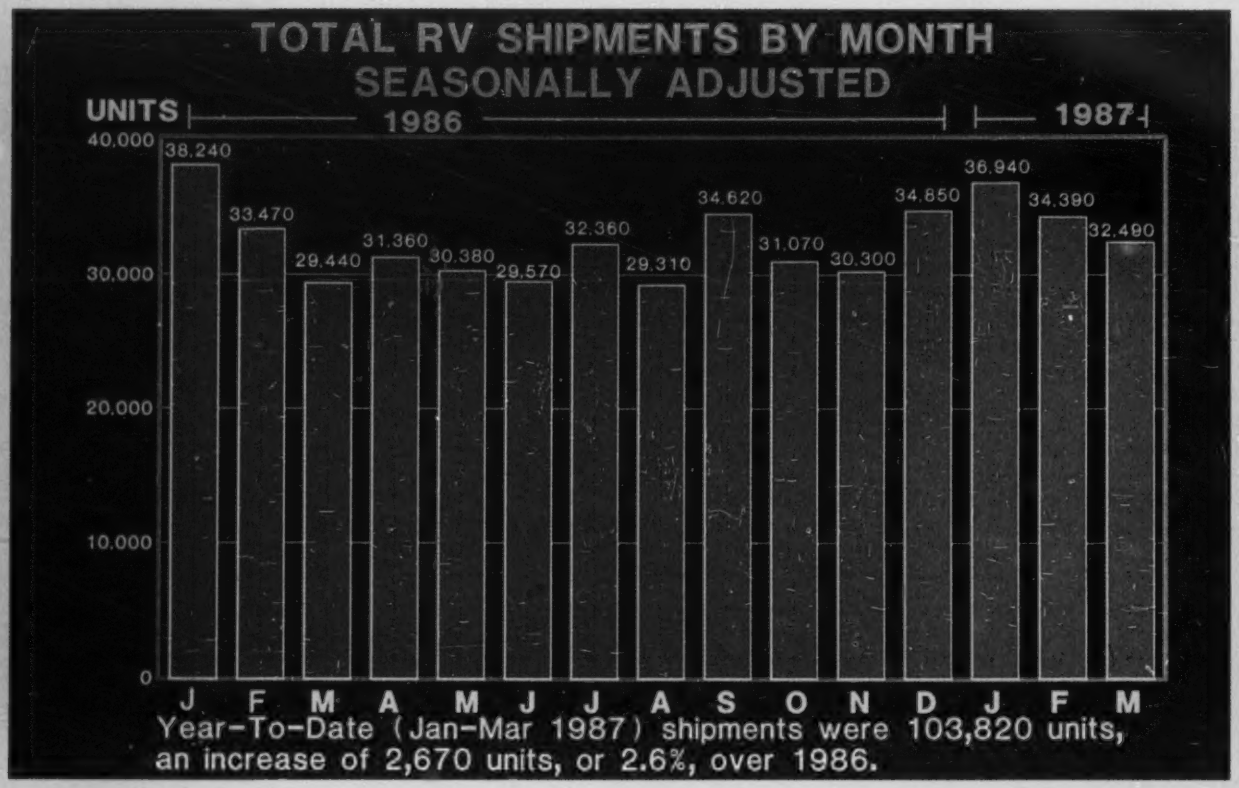


SAFETY DATA: Charts appearing in "RV Safety: Reassuring Insurance Data," in the May 25, 1987, issue of *RV Business*, page 25, were in error. The above charts are correct.

NO THRILLS—JUST GOOD NEWS

MORTON J. MARCUS

Figure 1



There may be some people in the RV business who like the industry because it makes them feel like they're riding on a roller coaster. It's probably not as exciting as the stock market, which has such rapid ascents and descents that it keeps antacid sales booming. Yet, the RV business usually has sufficient volatility for most mature thrill-seekers.

Unfortunately, 1987, thus far, is boring. This year just keeps plugging along in a positive fashion. Although 1987 shows clear signs of being better than 1986, insatiable thrill-seekers will complain that the RV industry is not doing anything spectacular. Nothing has happened through the first quarter of '87 to cause either unbounded ecstasy or cardiac arrest.

However, for those who are happy to confine their sensation-seeking to amusement parks and the nation's wild rivers, the current RV picture is satisfying and rewarding.

Total RV shipments through the first quarter of 1987, as reported by the Recreation Vehicle Industry Association (RVIA) and adjusted for normal seasonal variations, were *up* by 2,670 units, or 2.6%, from a year ago. Shipments were running at a 415,000-unit annual pace; that is nearly 10,700 units higher than a year ago at this time. In March, total shipments were more than 3,000 units (10.4%) stronger than March 1986. *(See Figure 1.)* This strong gain followed a more modest 900-unit (2.7%) gain for February compared to the same month a year ago. Those substantial gains have wiped out the deficit of January, which trailed the opening month of 1986 by 1,300 units (3.4%).

The pattern of 1986 was still being followed in the first quarter of this year; that is, the first month was the strongest, and then there were declines in each month thereafter. Yet, the drop-off last year was much more severe than that experienced in 1987. Shipments for March a year ago were 8,800 units (23%) below January; this year, March came in at just 4,450 units (12%) below January.

Widespread Gains

For virtually every type of RV unit, March was a slower month than February. Total RV shipments were 1,900 units (5.5%) behind the preceding month. Those looking for distress could certainly find it in several market segments, as shown in the monthly comparisons of Figure 2. But realists will see that the year-to-date figures for eight of the 11 types of RV units, which are reported in Figure 2, showed increases.

Briefly, in the first quarter:

- Towables showed a *gain* of 3,150 units (9.3%).
- Motorhomes were *up* by 2,110 units (14.1%).
- Only van conversions were *down* by 2,630 units (5.1%).

Towables

In the towables group, conventional travel trailers were running a good 1,800 units ahead of a year ago for the quarter. At that rate, we should see about 65,500 units of this type shipped by year's end.

Truck campers were the star of the group. On a small vol-

GRAPHICS: CUSTOM COLOR VISUALS

Figure 2

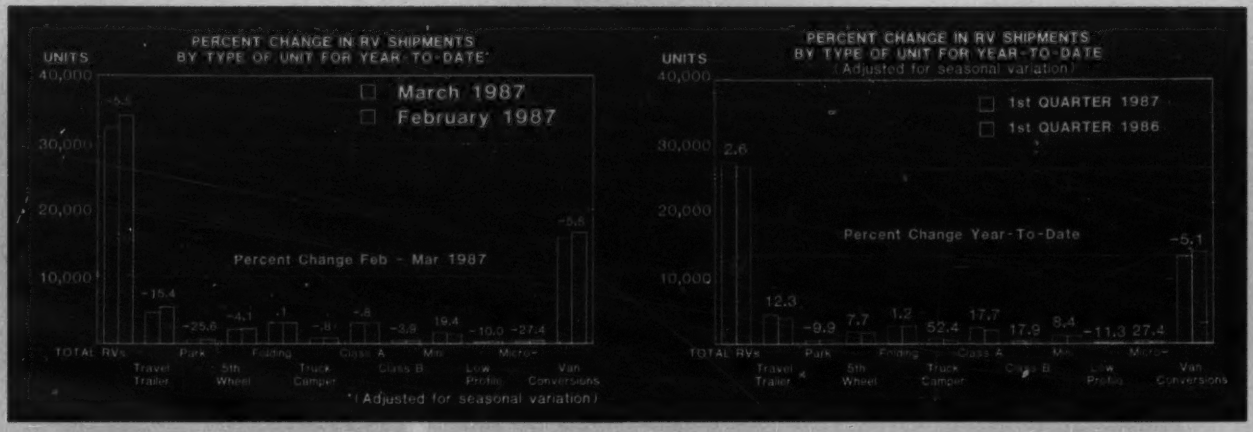


Figure 3

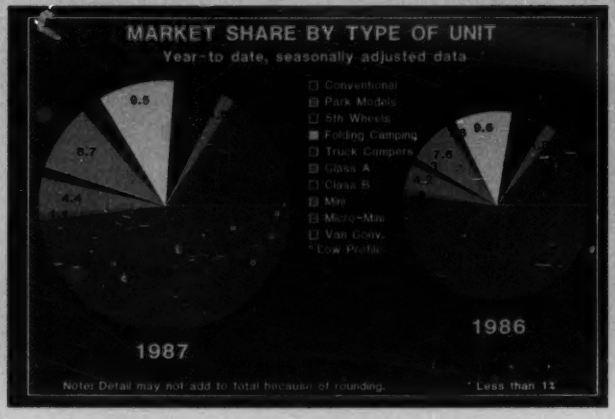
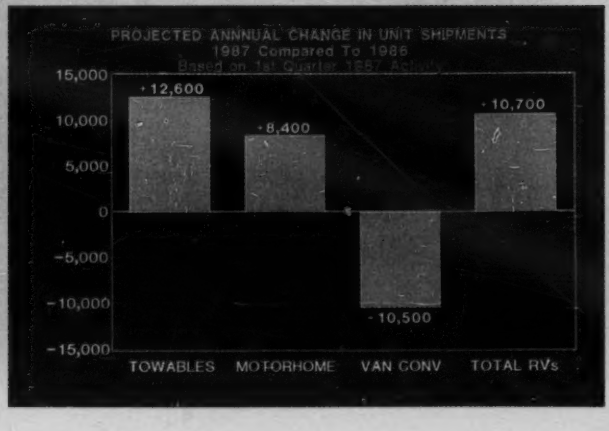


Figure 4



ume, they showed a major (52.4%) gain, advancing nearly 1,000 units from the first quarter last year and moving along at an 11,400-unit pace for the year.

Fifth-wheels showed a gain of nearly 500 units from last year at this point and will come in with 26,500 units for the year, if the first-quarter pace is maintained.

Folding camping trailers had a weak gain of just 100 units compared to 1986 and, at that pace, will total just below 40,000 units for the year.

The only down note in the towables group was sounded by the park trailers, which were off by nearly 10%, but by less than 200 units, and could be projected to deliver about 6;600 units for the year.

Motorhomes

Motorhomes looked almost uniformly strong. Both Class A and Class B units were up nearly 18% from the first quarter of 1986. The Class A units have climbed 1,360 units, to run at an annual shipment rate in excess of 36,000 units. Class B units were 230 units ahead of a year ago and seemed headed for a total of more than 6,000 units in 1987.

Class C units were a mixed group but were more than 500 units better than a year ago. Class C's are on their way, at that pace, to a 26,000-unit year. However, the variability in the group is shown by the fact that micro-mini C's were 27% ahead of a year ago, while low-profile C's were off by 11%.

Van Conversions

Van conversions were the sluggish portion of the market in the first quarter. Total shipments for the year-to-date were down more than 2,600 units, and March reinforced an already downward trend for the year.

At this time last year, van conversions were riding high. In the first quarter of 1986, they had captured 51.5% of the total RV market. *(See Figure 3).* But in the first quarter of this year, they held 47.6% of the market and were slipping.

The big gainers in market share were conventional travel trailers, which picked up 1.4 points, and Class A motorhomes, which gained 1.1 points. Together, these types of RVs have reclaimed two-thirds of the market share dropped by van conversions.

In the stock market, there are those who will tell you that the entire course of the market for the year can be predicted by the first week or the first month. But the projections of annual RV shipments provided above are not forecasts. Projections only state in annual terms what has happened up to the first quarter.

Seasoned RV industry people know that markets can change with distressing rapidity. The roller coaster can take a dizzy downward turn just when we think that the gentle upward climb will continue indefinitely. Afterall, monthly shipment data only tell us where we have been. We can use it to make projections, but you would never think of looking back from your seat in the roller coaster to anticipate where the darn thing will go next. In this business, wearing a seat belt is advised. Δ

Morton J. Marcus is director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

DAB PERSPECTIVE

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	MAR. 1987	MAR. 1986	% CHANGE	1987	1986	% CHANGE	MAR. 1987	MAR. 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	103	80	+29	224	215	+ 4	87	84	+ 4	225	231	− 3
TRAVEL TRAILERS	101	105	− 4	225	228	− 1	80	71	+13	195	161	+21
TRUCK CAMPERS	23	14	+64	56	41	+37	15	13	+15	27	20	+35
CAMPING TRAILERS	156	131	+19	324	319	+ 2	43	41	+ 5	79	62	+27
FIFTH-WHEELS	13	14	− 7	31	32	− 3	5	4	+25	18	11	+64

	FOR MONTH			YEAR-TO-DATE		
	MAR. 1987	MAR. 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$9,387,274	$7,696,309	+22	$21,175,652	$19,703,725	+10
TOTAL UNIT SALES	626	557	+12	1,404	1,320	+ 6
NEW-UNIT SALES	396	344	+15	860	835	+ 3
USED-UNIT SALES	230	213	+ 8	544	485	+12

MARCH SALES BRIGHTER THAN USUAL

GAYLORD MAXWELL

The retail sales picture was brighter in March 1987 than it has been in a long time, according to the Dealer Advisory Board (DAB).

DAB March reports showed sales volume up by 22% for the group. And unit deliveries were 12% higher than March of '86—meaning more units at higher prices. Year-to-date figures were slightly lower, which indicates that the tempo is picking up.

Generally, the DAB's profit ratings indicated that grosses and bottomlines were up. More "excellents" were checked in March than we've seen in a long time. In new units, there were no "poors" checked at all—something very unusual.

Used units were still moving remarkably well, but profits had apparently dropped somewhat in March.

About half the DAB members rated their new-unit inventories as being too high. A few said they had too many used units in stock. Lot traffic seemed to be mixed, but about half of our reporters said that it was high.

Lest this report sound misleadingly optimistic, it should be pointed out that five of the board members were down in sales volume from the preceding March, and six were down year-to-date. In most cases, it was a small decrease, however.

Motorhomes

After the tremendous finish in '86, sales of motorhomes slipped at the beginning of the new year. Apparently, the pause was momentary, and sales were again on an upswing in March. Following a period of Class A domination of motorized sales, Class C's seemed to be picking up particularly well.

Profits for March were generally rated fair to good, but there were two excellent ratings.

Travel Trailers

The picture for trailers was quite good for several months, but it dimmed a bit in March. However, the negative numbers were quite small, and it would take very little to move them to the plus column.

Profits were generally rated fair to good by trailer dealers on the DAB, but, as with motorhomes, several dealers rated them excellent.

Truck Campers

Slide-ons are enjoying a modest comeback after many years in the doldrums. Percentage figures for the DAB are somewhat misleading because of the small unit base, but there's no doubt about the fact that sales are up.

Profits were rated good to excellent by the three members of the DAB who sell campers.

Camping Trailers

Camping trailers were the only type of towable in the plus column for DAB members, although the numbers were low. Most of the larger dealers of this type were running close to last year's figures.

Profit ratings ranged equally from fair to excellent.

Fifth-wheels

Fiver sales figures were almost the same for this March, and for the year-to-date, as in March '86.

Profits were rated fair to good for March. Δ

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 19 dealers representing a cross-section of the U.S. dealer body.

Gaylord Maxwell, chairman
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Annette Autry-Miller, Fayetteville, N.C.
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Dick Dasson, Victor, N.Y.
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Bill Thomas, Bridgeton, Mo.
Fran Van Pelt, Aurora, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.